

**STATE INSURANCE & RISK MANAGEMENT BOARD**  
**Minutes of Meeting No. 292**  
**September 28, 2011**  
**10:00 A.M.**

The Two Hundred Ninety-Second meeting of the State Insurance and Risk Management Board was held on Wednesday, September 28, 2011 at the Offices of People's United Insurance Agency, R.C, Knox Division, One Goodwin Square, Hartford, CT.

Chairperson Sherman presided.

The following members were in attendance:

State Insurance & Risk Management Board

Ms. M. Alice Sherman, Chairperson  
Mr. Seth T. Mahler, Vice Chairperson  
Mr. Robert Broomall  
Ms. Marjorie F.B. Lemmon  
Mr. Patrick Mahon  
Ms. Martha Carlson, Deputy Comptroller

Mr. Wallace J. Irish was unable to attend.  
Ms. Pamela J. Kedderis was unable to attend.  
Mr. Edward S. Pocock, III was unable to attend.  
Ms. Linda R. Savitsky was unable to attend.  
Ms. Denise Zamore was unable to attend.

Department of Administrative Services/Insurance and Risk Management Board

Ms. Daria J. Cirish, Risk Manager  
Ms. Eileen G. McNeil

Office of the Agent of Record

Mr. Fred Tanguay, Vice President  
Ms. Doreen Lessard

*M. Alice Sherman*  
*12/1/11*

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1. Approval of the Minutes of Meeting No. 291 held on June 23, 2011 (Exhibit 1)

A motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To approve the minutes of Meeting No. 291 held on June 23, 2011.

2. Reconciliation of and Review of Premium Payments, Informal Bids Processed by the Board since the Last Approval (Exhibit 2)

Mr. Tanguay reviewed the remaining expenditures in F.Y. 2010/11 as well as the expenditures-to-date in F.Y. 2011/12. He noted that OPM has held back 5% of the Board's O.E. budget. The Board suggested going to OPM to explain that we may potentially be in a deficit situation since the Board gave \$600,000 to DAS/Workers' Comp. Division last fiscal year.

Mr. Tanguay also noted the Board was given STF monies from DOT to pay for certain policies and claims that were previously reimbursed.

After a review of the payments, a motion was made by Mr. Mahon, seconded by Ms. Lemmon and unanimously

VOTED: To approve the premium, deductible payments and informal bids processed by the Board since the last meeting totaling \$2,043,067.86 for 2010/11; \$508,131.75 for 2011/12.

3. Votes

A) UConn Basic Athletic Injury - Confirming (Exhibit 3A)

Mr. Tanguay explained that this policy is for basic athletic injury coverage since the NCAA provides catastrophic coverage. This policy covers the catastrophic policy deductible. He further explained that the loss ratio has gone up over the most recent policy years.

A motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To confirm coverage be placed as outlined in Exhibit 3A, Renewal Proposal I, for a total premium of \$162,035.

3. B) CSU Athletic Injury – Confirming (Exhibit 3B)

Mr. Tanguay stated that this policy provides basic coverage for intercollegiate, club and intramural sports and catastrophic coverage for club and intramural sports.

A motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To confirm coverage to be placed as outlined in Exhibit 3B, Option II at a total premium of 193,157.

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3. C) DOT – CT Transit Rolling Stock - Confirming (Exhibit 3C)

Mr. Tanguay explained that this policy provides property coverage on the CT Transit buses while they are parked in garages and parking lots.

A motion was made by Mr. Mahon, seconded by Ms. Lemmon and unanimously

VOTED: To place coverage as outlined in Exhibit 3C at an annual premium of \$71,709.

3. D) Master Student Malpractice – Confirming (Exhibit 3D)

Mr. Tanguay explained that this policy provides medical malpractice coverage for Allied Health students while they are in a clinical setting. He advised that C.N.A. offers one of the best coverages in the country. Mr. Tanguay stated the rate has remained the same, but the number of participants has declined.

A motion was made by Mr. Mahon, seconded by Mr. Broomall and unanimously

VOTED: To place coverage with C.N.A. as outlined in Exhibit 3D at an annual premium of \$92,011.

3. E) DOT – Metro-North – Confirming (Exhibit 3E)

Mr. Tanguay advised that this policy provides rail liability coverage for the rail cars. DOT owns the cars and contracts out the management and operation to Metro-North/MTA. He noted that there are approximately 36 million travelers which makes Metro-North one of the largest commuter rail lines in the world. There are very few companies that have the capacity to write this coverage.

Mr. Tanguay noted that because the renewal date of 9/24 is so close to 9/11, he suggests changing the renewal date to sometime in the first quarter of the calendar year.

A motion was made by Ms. Carlson, seconded by Mr. Broomall and unanimously

VOTED: To place coverage as outlined in Exhibit 3E with limits of \$75 million excess \$25 million S.I.R. at an annual premium of 821,750; limits of \$25 million excess \$75 million at an annual premium of 285,000. Total premium is \$1,106,750.

3. F) State Library – Fine Arts Premises (Exhibit 3F)

Mr. Tanguay advised that this policy covers substantial fine art values at the museum and library and this coverage is in excess of the \$25 million limits provided by the FM Global policy.

A motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 3F at an annual premium of \$142,245.31.

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3. G) Equipment Breakdown (Exhibit 3G)

Mr. Tanguay advised that the rate decreased by 16%, although the values increased. The company agreed to lower the premium if the agreed upon TIV (Total Insured Values) is lowered.

A motion was made by Mr. Mahon, seconded by Mr. Mahler and unanimously

VOTED: To place coverage as outlined in Exhibit 3G at an annual premium of \$252,720.

3. H) Master Property Policy (Exhibit 3H)

Mr. Tanguay explained that the Property Policy covers 3,500 structures totaling approximately \$12.8 billion in values. The expiring premium included a 10% membership credit. During the past year FM Global chose to appraise a few buildings because they felt the buildings may not be valued accurately. After these appraisals, the total insured values increased by approximately \$4 billion. Mr. Tanguay advised that he will be reviewing the revised building values at a future meeting with FM.

Mr. Tanguay stated that FM's rate decreased to .028/100 although the property market is hardening due to world weather-related events this past year. He noted that there are new catastrophic models out there regarding wind surges going further inland, which has also caused rates to increase. These models predict the State would potentially have \$495 million in losses in New Haven to Hartford corridor if a Cat II or III hurricane hit.

After review of the proposals, the Board directed Mr. Tanguay to go back to FM Global for the following: 1) Change "Meteorological Authority" to "National Weather Service" in the Named Windstorm Sublimit wording; 2) Verify that the EDP limit should be \$25 million. The Board also directed Mr. Tanguay to obtain a quote for \$150 million X/S \$250 million on named storms.

After some discussion, a motion was made by Mr. Mahon, seconded by Ms. Lemmon and unanimously

VOTED: To place coverage with F.M. Global as outlined in Exhibit 3H at an annual premium of \$4,700,000 with confirmation of above.

4. Any Other Matters to Properly Come Before the Board

A) T.P.A. (Exhibit 4A)

Ms. Sherman advised that the T.P.A. Committee was represented by herself, Mr. Tanguay, Mr. Anderson, Ms. Cirish, Ms. Zamore and Ms. Cunningham, of D.A.S. Procurement. The committee met on September 27 and it was the consensus to award the contract to Constitution State Services. Ms. Cunningham is currently in negotiations with Constitution State Services. The contract is effective January 1, 2012. The committee is currently contemplating transferring take-over claims.

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4.     A)     T.P.A. (Cont.)

After some discussion, a motion was made by Ms. Carlson, seconded by Mr. Broomall and unanimously

VOTED:       To award the T.P.A. contract to Constitution State Services effective January 1, 2012 and to continue negotiations on Auto and GL take-over claims exceeding \$50,000.

5.     Date and Location of Next Meeting

The next Board meeting has been scheduled for Thursday, December 1, 2011. The meeting will be held at the offices of People's United Insurance Agency, R.C. Knox Division.

6.     Motion to Adjourn

It was moved by Mr. Mahon, seconded by Ms. Lemmon and unanimously

VOTED:       The meeting be adjourned. The meeting adjourned at 12:10 P.M.